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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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11/07/2003

Serkan Savasoglu

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2847

26285

7590

09/18/2007

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EXAMINER

SEE, CAROL A

ART UNIT

PAPER NUMBER

3609

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DELIVERY MODE

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	Application No. 10/703,978	Applicant(s) SAVASOGLU ET AL.	
	Examiner Carol See	Art Unit 3609	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) ☒ Responsive to communication(s) filed on 07 November 2003.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) ☐ Claim(s) 1-47 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-47 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

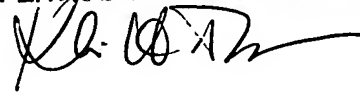
- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 07 November 2003 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

KHOI H. TRAN  
SUPERVISORY PATENT EXAMINER



#### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | 5) <input type="checkbox"/> Notice of Informal Patent Application                       |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)<br>Paper No(s)/Mail Date <u>2/25/2004</u> . | 6) <input type="checkbox"/> Other: _____  |

## **DETAILED ACTION**

### **REQUIREMENT FOR INFORMATION UNDER 37 CFR 1.105**

1. Applicant and the assignee of this application are required under 37 CFR 1.105 to provide the following information that the examiner has determined is reasonably necessary to the examination of this application.
2. In response to this requirement, please provide copies of each publication that any of the applicants authored or co-authored and which describe the disclosed subject matter of enhancing investment securities that incorporate contingent interest features.
3. In responding to those requirements that require copies of documents, where the document is a bound text or a single article over 50 pages, the requirement may be met by providing copies of those pages that provide the particular subject matter indicated in the requirement, or where such subject matter is not indicated, the subject matter found in applicant's disclosure.
4. The fee and certification requirements of 37 CFR 1.97 are waived for those documents submitted in reply to this requirement. This waiver extends only to those documents within the scope of this requirement under 37 CFR 1.105 that are included in the applicant's first complete communication responding to this requirement. Any supplemental replies subsequent to the first communication responding to this requirement and any information disclosures beyond the scope of this requirement under 37 CFR 1.105 are subject to the fee and certification requirements of 37 CFR 1.97.

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5. The applicant is reminded that the reply to this requirement must be made with candor and good faith under 37 CFR 1.56. Where the applicant does not have or cannot readily obtain an item of required information, a statement that the item is unknown or cannot be readily obtained may be accepted as a complete reply to the requirement for that item.

6. This requirement is an attachment of the enclosed Office action. A complete reply to the enclosed Office action must include a complete reply to this requirement. The time period for reply to this requirement coincides with the time period for reply to the enclosed Office action.

***Claim Rejections - 35 USC § 112***

7. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

8. Claims 1-34 and 45-47 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

9. Regarding claim 1, it is unclear as to what structure is implied by the recited "components." Claims 2-34 are rejected because they depend from claim 1.

10. Further, regarding claim 1, it is unclear as to what "terms and conditions" Applicant is referring.

11. Further, regarding claims 1, 13-26, 31-32, 35 and 43-47, Applicant's use of terms "remarketing and remarketed" render the claim indefinite because the meaning of the terms is not clear. For examination purposes, these terms are interpreted to mean "selling to buyers."

12. Further, regarding claim 3, Applicant's use of the phrase "convertible component" renders the claim vague because the meaning of the phrase is unclear. For examination purposes, Examiner interprets "convertible component" as "convertible security."

13. Regarding claim 4, Applicant's use of the phrase "fixed values" renders the claim vague and indefinite because it is unclear as to the specific limitations desired.

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14. Regarding claim 7, Applicant's use of the phrase "average market price" renders the claim vague and indefinite because it is unclear as to what average market price is being referenced.

15. Regarding claim 8, the following renders this claim vague and indefinite:

- definition of "stepped up" renders the claim vague because the meaning of this phrase is unclear;
- it is unclear as to which "stock" applicant refers;
- it is unclear as to which "conversion price" applicant refers.

16. Further, regarding claims 15-20, it is unclear what the actions recited in each of the claims mean to the structure of Applicant's claimed invention.

17. Further, regarding claims 15-19 and 45, Applicant's use of the phrases "a stock price" and a "conversion price" renders the claims vague and indefinite because it is unclear as to what stock price or conversion price is being referenced.

18. Further, regarding claims 21-25 and 46, Applicant's use of the phrases "a bond price" and "a fixed price" renders the claims vague and indefinite because it is unclear as to what bond price or fixed price is being referenced.

19. Regarding claim 29, Applicant's use of the phrase "conversion rate" renders the claim indefinite because the meaning of the phrase is unclear, and is not explained in the specification. For examination purposes, Examiner interprets the phrase "conversion rate" to mean "a number of shares received per warrant."

20. Regarding claim 47, the preamble claims apparatus comprised of an "issuing agent" and a "remarketing agent." The phrases "issuing agent" and "remarketing agent"

lack antecedent basis as part of an apparatus, as applicant defines them in the specification as entities. For examination purposes, Examiner interprets "agent" to be a business entity as exemplified in the specification.

21. Examiner notes the claims contain many 35 U.S.C. 112 second paragraph errors, some of which are presented above. The applicant is respectfully requested to review said claims for any issues relating to clarity and indefiniteness unintentionally overlooked by the Examiner.

***Claim Rejections - 35 USC § 101***

22. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

23. In the instant case, Applicant's claims 1-34 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Claims 2-34 are rejected because they depend from claim 1, a recitation of non-statutory subject matter.

24. Under the statutory requirement of 35 U.S.C. § 101, a claimed invention must fall into one of the enumerated statutory categories of patentable subject matter – i.e., machine, process, article of manufacture or composition of matter. Applicant's claimed invention does not fit into either of these categories.

***Claim Rejections - 35 USC § 103***

25. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

26. Claims 1-4, 6, 13-14, 27, 30-31, 34-36 and 43-44 are rejected under 35 U.S.C. 103(a) as being unpatentable over Birle, Jr. et al. (U.S. 2002/0130941) in view of Jones et al. (U.S. 2004/0033674) and further in view of official notice. Upon review, examiner has determined that the invention disclosed in Jones is supported by the provisional application (Application No. 60/493187 filed on August 7, 2003) to which Jones claims priority. Accordingly, the disclosure of Jones antedates applicant's claimed invention.

As to claim 1, Birle shows a convertible security (§ 0021) comprising:

a maturity component providing a maturity term of the convertible security (§ 0044);

a conversion component providing terms and conditions for converting the convertible security for another asset (§ 0050); and

a contingent component providing one or more payment contingencies triggered upon the occurrence of one or more specified conditions (§ 0021).

Birle does not show a remarketing component providing terms and conditions for remarketing the convertible security to new investors.



Jones teaches a remarketing component providing terms and conditions for remarketing a convertible security to new investors (§§ 0009, 0024 and 0029).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by Birle by the method taught by Jones in order to provide desirable financial benefits (see Jones, § 0005).

The combination of Birle and Jones does not show, after remarketing, the convertible security remaining outstanding and potential recapture of excess tax benefits being postponed until the convertible security ceases to be outstanding.

Examiner takes official notice that it is old and well known in the art that a remarketing places financial instruments in the hands of buyers, hence the instruments remain outstanding. Further, it is old and well known in the art to account for the benefit of tax implications with regard to securities.

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in order to provide flexibility in the marketing of securities and in the determination of possible tax benefits.

As to claim 2, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Birle further shows a contingent component structured to ensure that the convertible security qualifies for treatment as a contingent payment debt instrument under the tax code (§§ 0044 and 0079, showing the requirements for consideration as a contingent payment debt instrument).

As to claim 3, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Birle further shows a contingent component providing a testing

period for evaluating whether a contingency is triggered (§ 0039).

As to claim 4, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Birle further shows a contingent payment amount based on fixed values (§ 0021, where payment is based on exceeding a pre-determined value).

As to claim 6, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Birle further shows a contingent component that includes a contingency providing that if the convertible security trades above a threshold multiple of the par or accreted value, a contingent payment is made (§§ 0021 and 0028).

As to claim 13, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Jones further shows remarketing of a convertible security (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice does not specifically show a convertible security remarketed as a new straight debt security.

Examiner takes official notice that it is well known in the art that financial instruments can be repackaged and sold as other forms of securities.

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice in order to provide flexibility for repackaging securities for financial benefit.

As to claim 14, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Jones further shows remarketing of a convertible security (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice does not specifically show a convertible security remarketed as a new convertible security.

Examiner takes official notice that it is well known in the art that financial instruments can be repackaged and sold as other forms of securities.

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice in order to provide flexibility for repackaging securities for financial benefit.

As to claim 27, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Birle further shows a warrant component (§§ 0027 and 0076).

As to claim 30, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Birle further shows a call component providing a call protection period (§§ 0038 and 0075).

As to claim 31, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Jones further shows a convertible security comprising one or more remarketing dates (§§ 0023 and 0024).

As to claim 34, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Birle further shows a coupon component providing a floating rate (§ 0053).

As to claim 35, Birle shows a financial method comprising the steps of:

issuing a convertible security to a holder (§ 0021), the convertible security including a maturity component providing a maturity term of the convertible security (§ 0044), a conversion component providing terms and conditions for exchanging the

convertible security for another asset (§ 0050), a contingent component providing one or more payment contingencies triggered upon the occurrence of one or more specified conditions (§ 0021).

Birle does not specifically show a remarketing component providing terms and conditions for remarketing the convertible security to new investors.

Jones teaches a remarketing component providing terms and conditions for remarketing the convertible security to new investors and offering, at a remarketing time, the convertible security to one or more new investors (§§ 0009, 0010, 0024 and 0029).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by Birle by the method taught by Jones to provide options for desirable tax benefits (see Jones, § 0005).

The combination of Birle and Jones does not show, after remarketing, the convertible security remaining outstanding and potential recapture of excess tax benefits being postponed until the convertible security ceases to be outstanding.

Examiner takes official notice that it is old and well known in the art that a remarketing places financial instruments in the hands of investors, hence they remain outstanding. Further, it is old and well known in the art to account for tax implications with regard to securities.

It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the invention disclosed by the combination of Birle and Jones in order to provide desirable tax benefits and to account for benefits taken.

As to claim 36, the combination of Birle and Jones in view of official notice shows all elements of claim 35. Birle further shows calculating projected contingent payments (§ 0044 and Fig. 1, element 103).

As to claim 43, the combination of Birle and Jones in view of official notice shows all elements of claim 35.

The combination of Birle and Jones in view of official notice does not specifically show a convertible security remarketed as a new straight debt security.

Examiner takes official notice that it is well known in the art that financial instruments can be repackaged and sold as other forms of securities.

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice in order to provide flexibility for repackaging securities for financial benefit.

As to claim 44, the combination of Birle and Jones in view of official notice shows all elements of claim 35.

The combination of Birle and Jones in view of official notice does not specifically show a convertible security remarketed as a new convertible security.

Examiner takes official notice that it is well known in the art that financial instruments can be repackaged and sold as other forms of securities.

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice in order to provide flexibility for repackaging securities for financial benefit.

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27. Claims 5, 7, 9-12 and 37-42 are rejected under 35 U.S.C. 103(a) as being unpatentable over the combination of Birle and Jones in view of official notice, and further in view of Blanchard (Internal Revenue Service Revenue Ruling 2002-31).

As to claim 5, the combination of Birle and Jones in view of official notice shows all elements of claim 3.

The combination of Birle and Jones in view of official notice does not specifically show a contingent payment amount as a percentage of average market price of the convertible security for a testing period.

Blanchard shows a contingent payment amount as a percentage of average market price of the convertible security for a testing period (pg. 1).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the method taught by Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 7, the combination of Birle and Jones in view of official notice shows all elements of claim 6.

The combination of Birle and Jones in view of official notice does not specifically show contingent payment as a percentage of average market price.

Blanchard shows a contingent payment amount as a percentage of average market price (pg. 1).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the

method taught by Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 9, the combination of Birle and Jones in view of official notice shows all elements of claim 1.

The combination of Birle and Jones in view of official notice does not specifically show projected contingent payments calculated based on forward prices and expected values of the projected contingent payments.

Blanchard shows projected contingent payments calculated based on forward prices and expected values of the projected contingent payments (pg. 2).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the method taught by Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 10, the combination of Birle and Jones in view of official notice, and further in view of Blanchard shows all elements of claim 9. Blanchard further teaches a comparable yield determined by referencing a yield of a fixed-rate nonconvertible debt instrument with terms and conditions similar to terms and conditions of the convertible security (pg. 2).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the method taught by Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 11, the combination of Birle and Jones in view of official notice and further in view of Blanchard shows all elements of claim 9. Blanchard further teaches a projected payment schedule that includes each noncontingent payment and the projected contingent payments (pg. 2).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the method taught by Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 12, the combination of Birle and Jones in view of official notice and further in view of Blanchard shows all elements of claim 9. Blanchard further teaches adjustments made based on a comparison of projected contingent payments to actual contingent payments (pg. 2).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the method taught by Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 37, the combination of Birle and Jones in view of official notice shows all elements of claim 36.

The combination of Birle and Jones in view of official notice does not specifically show projected contingent payments calculated based on the forward prices and expected value of the contingent payments.



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Blanchard shows projected contingent payments calculated based on forward prices and expected values of the projected contingent payments (pg. 2).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the method taught by Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 38, the combination of Birle and Jones in view of official notice and further in view of Blanchard shows all elements of claim 37. Blanchard further teaches a comparable yield determined by referencing a yield of a fixed-rate nonconvertible debt instrument with terms and conditions similar to terms and conditions of the convertible security (pg. 2).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice and further in view of Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 39, the combination of Birle and Jones in view of official notice and further in view of Blanchard shows all elements of claim 37. Blanchard further teaches a projected payment schedule that includes each noncontingent payment and the projected contingent payments (pg. 2).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice and

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further in view of Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 40, the combination of Birle and Jones in view of official notice shows all elements of claim 36.

The combination of Birle and Jones in view of official notice does not specifically show making adjustments based on a comparison of projected contingent payments to actual contingent payments.

Blanchard shows making adjustments based on a comparison of projected contingent payments to actual contingent payments (pg. 2).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the method taught by Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 41, the combination of Birle and Jones in view of official notice and further in view of Blanchard shows all elements of claim 40. Blanchard further teaches if the actual contingent payments are greater than the projected contingent payments, a positive adjustment is made (pg. 2).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice and further in view of Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 2).

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As to claim 42, the combination of Birle and Jones in view of official notice and further in view of Blanchard shows all elements of claim 40. Blanchard further shows, if the actual contingent payments are less than the projected contingent payments, a negative adjustment is made (pg. 2).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice and the teaching in Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 2).

28. Claims 8, 15-26, 33, 45 and 46 are rejected under 35 U.S.C. 103(a) as being unpatentable over the combination of Birle and Jones in view of official notice, and further in view of Faerber (All About Bonds and Bond Mutual Funds, 2000).

As to claim 8, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Birle further shows adjustable rates of interest being established in an offering document (§ 0053), contingent interest payments (§ 0021) and the definition of "coupon" as interest paid (§ 0004). Birle further explains that any number of circumstances may trigger a contingent payment (§§ 0021 and 0028). Birle further shows issuers desire to provide incentives – e.g., a positive return - to holders of convertible financial instruments (§ 0021).

The combination of Birle and Jones in view of official notice does not specifically show a contingent component that includes a contingency providing that a coupon will be stepped up if the stock trades below a certain percentage of a conversion price.

Faerber teaches that, with convertibles, holders profit if a stock price rises (pg. 225). Further, no conversion will normally occur if a stock price never rises above a conversion value, and holders receive a lower return (pg. 226).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice in order to provide flexibility in an issuer's ability to create terms – e.g., increasing a contingent payment amount - for financial instruments as incentive to prospective buyers to purchase and then to hold on to them, and to meet an issuer's financial requirements.

As to claim 15, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Birle further shows that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Jones further shows remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice does not specifically show a determination to remarket based on a comparison of a stock price and a conversion price at a remarketing time.

Faerber teaches a comparison of a stock price and a conversion price (pg. 236).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the

teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, whether to remarket those instruments.

As to claim 16, the combination of Birle and Jones in view of official notice and further in view of Faerber shows all elements of claim 15. Birle further shows that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Jones further shows remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice and further in view of Faerber does not specifically show a convertible security not being remarketed if the stock price at the remarketing time is greater than or equal to the conversion price.

Faerber teaches a comparison of a stock price and a conversion price (pg. 236).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, whether to remarket those instruments.

As to claim 17, the combination of Birle and Jones in view of official notice and further in view of Faerber shows all elements of claim 15. Birle further shows that

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issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Jones further shows remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice and further in view of Faerber does not specifically show a convertible security being remarketed as straight debt if a stock price is less than a conversion price.

Faerber teaches a comparison of a stock price and a conversion price (pg. 236).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, how and when to remarket those instruments.

As to claim 18, the combination of Birle and Jones in view of official notice and further in view of Faerber shows all elements of claim 15. Birle further shows that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and

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0008). Jones further shows multiple remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice and further in view of Faerber does not specifically show, if the stock price at the remarketing time date is less than the conversion price, a convertible security being remarketed as new convertible security that may be remarketed again.

Faerber teaches a comparison of a stock price and a conversion price (pg. 236).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, how and when to remarket those instruments.

As to claim 19, the combination of Birle and Jones in view of official notice and further in view of Faerber shows all elements of claim 15. Birle further shows that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Jones further shows remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice and further in view of Faerber does not specifically show, if the stock price at the remarketing time is less than

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the conversion price, the convertible security is remarketed as a new convertible security that may not be remarketed again.

Faerber teaches a comparison of a stock price and a conversion price (pg. 236).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, how and when to remarket those instruments.

As to claim 20, the combination of Birle and Jones in view of official notice and further in view of Faerber shows all elements of claim 15. Jones further shows a determination of whether or not the convertible security will be remarketed being made on multiple remarketing dates (§ 0010).

As to claim 21, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Jones further shows remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice does not specifically show a determination to remarket based on a comparison of a bond price and fixed price at a remarketing time.

Faerber teaches a determination of whether to remarket based on a comparison of a bond price and a fixed price at a remarketing time (pgs. 28 and 40, explaining relationship between bond price and interest rates).



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It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to provide flexibility and financial benefit in the design – e.g., structure and timing – of financing options.

As to claim 22, the combination of Birle and Jones in view of official notice and further in view of Faerber shows all elements of claim 21. Birle further shows that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Jones further shows remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice and further in view of Faerber does not specifically show a convertible security not being remarketed if the bond price at the remarketing time is greater than or equal to a fixed price.

Faerber teaches a comparison of a bond price and a fixed price at a remarketing time (pg. 28).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, whether to remarket those instruments.

As to claim 23, the combination of Birle and Jones in view of official notice and further in view of Faerber shows all elements of claim 21. Birle further shows that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Jones further shows remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice and further in view of Faerber does not specifically show if the bond price at the remarketing time is less than a fixed price, the convertible security is remarketed as a straight debt security.

Faerber teaches a comparison of a bond price and a fixed price at a remarketing time (pg. 28).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, how and when to remarket those instruments.

As to claim 24, the combination of Birle and Jones in view of official notice and further in view of Faerber shows all elements of claim 21. Birle further shows that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed

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under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Jones further shows multiple remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice and further in view of Faerber does not specifically show if the bond price at the remarketing time is less than a fixed price, the convertible security is remarketed as a new convertible security that may be remarketed again.

Faerber teaches a comparison of a bond price and a fixed price at a remarketing time (pg. 28).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, how and when to remarket those instruments.

As to claim 25, the combination of Birle and Jones in view of official notice and further in view of Faerber shows all elements of claim 21. Birle further shows that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and

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0008). Jones further shows remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice and further in view of Faerber does not specifically show if the bond price at the remarketing time is less than a fixed price, the convertible security is remarketed as a new convertible security that may not be remarketed again.

Faerber teaches a comparison of a bond price and a fixed price at a remarketing time (pg. 28).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, how and when to remarket those instruments.

As to claim 26, the combination of Birle and Jones in view of official notice and further in view of Faerber shows all elements of claim 21. Jones further shows determination of whether to remarket made on multiple remarketing dates (§ 0010).

As to claim 33, the combination of Birle and Jones in view of official notice shows all elements of claim 1. Birle further shows a term of a number of years (§ 0007).

The combination of Birle and Jones in view of official notice does not specifically show a term of thirty years.

Faerber teaches a security with a 30-year term (pg. 40).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to provide flexibility and control to an issuer to specify any term, inclusive of 30 years, to create sufficient financing instruments.

As to claim 45, the combination of Birle and Jones in view of official notice shows all elements of claim 35. Birle further shows that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Jones further shows remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice does not show a determination to remarket based on a comparison of a stock price and a conversion price at a remarketing time.

Faerber teaches a comparison of a stock price and a conversion price (pg. 236).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, whether to remarket those instruments.

As to claim 46, the combination of Birle and Jones in view of official notice shows all elements of claim 35. Birle further shows that issuers prefer flexibility and control over

their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Jones further shows remarketing of convertible financial instruments (§§ 0017 and 0018).

The combination of Birle and Jones in view of official notice does not specifically show a determination of whether to remarket made based on a comparison of a bond price and a fixed price at a remarketing time.

Faerber teaches a comparison of a bond price and a fixed price at a remarketing time (pg. 28).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching of Faerber in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, whether to remarket those instruments.

29. Claims 28 and 29 are rejected under 35 U.S.C. 103(a) as being unpatentable over the combination of Birle and Jones in view of official notice as applied to claim 27 above and further in view of Barron (Barron's Dictionary of Finance and Investment Terms).

As to claim 28, the combination of Birle and Jones in view of official notice shows all elements of claim 27. Birle further shows a warrant component that provides investors with an option for an additional number of shares (§ 0076).

The combination of Birle and Jones in view of official notice does not specifically show the shares being obtained for a value above a conversion price.

Barron's teaches a "warrant" as entitling the holder to buy an amount of common stock at a specified price (pg. 607).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching in Barron's in order to allow an issuer flexibility in the specification of a price per share that would best meet his particular financing needs.

As to claim 29, the combination of Birle and Jones in view of official notice shows all elements of claim 27. Birle further shows a warrant component that provides investors with an option for an additional number of shares (§ 0076).

The combination of Birle and Jones in view of official notice does not specifically show a warrant component fixing a conversion rate.

Barron's dictionary teaches a "warrant" as entitling the holder to buy an amount of common stock at a specified price for a period of time (pg. 607). Accordingly, the number of shares of stock as specified by the warrant is the rate at which a warrant is converted into those shares.

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in the combination of Birle and Jones in view of official notice by the teaching in Barron's in order to allow an issuer to specify conditions – in this case, a number of shares that can be purchased – that would best meet his particular financing needs.

30. Claim 32 is rejected under 35 U.S.C. 103(a) as being unpatentable over the combination of Birle and Jones in view of official notice and further in view of Culmer (Internal Revenue Service Revenue Ruling, 2003).

As to claim 32, the combination of Birle and Jones in view of official notice shows all elements of claim 1.

The combination of Birle and Jones in view of official notice does not show, after remarketing, the security cannot be paid in stock and cannot be converted into stock of the issuer.

Culmer shows, after remarketing, the security cannot be paid in stock and cannot be converted into stock of the issuer (pgs. 7-9).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the invention disclosed by the combination of Birle and Jones in view of official notice by the method taught by Culmer in order to provide flexibility in desirable tax benefits (see Culmer, pg. 8).

31. Claim 47 is rejected under 35 U.S.C. 103(a) as being unpatentable over Birle in view of Culmer and further in view of official notice.

As to claim 47, Birle shows a computer system (§ 0065) comprising:  
an issuing agent for issuing a convertible security to a holder (§ 0058), the convertible security including a maturity component providing a maturity term of the convertible security (§ 0062), a conversion component providing terms and conditions for exchanging the convertible security for another asset (§ 0062), a contingent component providing one or more payment contingencies triggered upon the



occurrence of one or more specified conditions (§ 0063 and Fig. 5, element 521), and a remarketing component providing terms and conditions for remarketing the convertible security to new investors.

Birle does not show a remarketing agent.

Culmer teaches a remarketing agent for offering, at a remarketing time, the convertible security to one or more new investors (pg. 2), wherein, after remarketing, the convertible security remains outstanding (pg. 8).

The combination of Birle and Culmer does not show potential recapture of excess tax benefits postponed until the convertible security ceases to be outstanding.

Examiner takes official notice that it is old and well known in the art to account for the benefit of tax implications with regard to securities.

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Culmer in order to ensure tax benefits or liabilities are properly determined.

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Carol See whose telephone number is (571) 272-9742. The examiner can normally be reached on Monday - Thursday 6:45 am - 5:15 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Khoi Tran, can be reached on (571) 272-6919. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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occurrence of one or more specified conditions (§ 0063 and Fig. 5, element 521), and a remarketing component providing terms and conditions for remarketing the convertible security to new investors.

Birle does not show a remarketing agent.

Culmer teaches a remarketing agent for offering, at a remarketing time, the convertible security to one or more new investors (pg. 2), wherein, after remarketing, the convertible security remains outstanding (pg. 8).

The combination of Birle and Culmer does not show potential recapture of excess tax benefits postponed until the convertible security ceases to be outstanding.

Examiner takes official notice that it is old and well known in the art to account for the benefit of tax implications with regard to securities.

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by the combination of Birle and Culmer in order to ensure tax benefits or liabilities are properly determined.

### ***Conclusion***

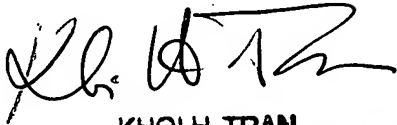
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